

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Farrwill Enterprises, Inc.
Address 758 Kapahulu Avenue #A-171
Honolulu, Hawaii 96816
Project Name(\*): "45-472 KOOLAU HALE PLACE"
Address: 45-472 Koolau Hale Place, Kaneohe, Hawaii 96744
Registration No. 6032 Effective date: August 11, 2006
Expiration date: September 11, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY (pink) This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: Supplementary Public Report dated:
And Supersedes all prior public reports. Must be read together with This report reactivates the public report(s) which expired on

(\* Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report.       Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated as a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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## **General Information on Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer:

Farrwill Enterprises, Inc. Phone: (808) 732-5155
Name\* (Business)

758 Kapahulu Avenue #A-171
Business Address
Honolulu, Hawaii 96816

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

William O. Farrior - President, Treasurer and Director
Wendy J. P. Farrior, Secretary and Director

Real Estate Broker\*:

William O. Farrior III, dba Country Homes Realty Phone: (808) 223-8810
Name (Business)

758 Kapahulu Avenue #A-171
Business Address
Honolulu, Hawaii 96814

Escrow:

Security Title Corporation Phone: (808) 535-6000
Name (Business)

1164 Bishop Street, Suite 1611
Business Address
Honolulu, Hawaii 96813

General Contractor\*:

N/A Phone: (Business)

Business Address

Condominium Managing Agent\*:

Self-Managed by Association of Apartment Owners Phone: (Business)

Business Address

Attorney for Developer:

Jennifer A. Aquino, AAL ALC Phone: (808) 526-9400
Name (Business)

1188 Bishop Street, Suite 3009
Business Address
Honolulu, Hawaii 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests and other information relating to the condominium project.

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Document No.	_____
		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed - Land Court	Document No.	3434316

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to the Declaration of Condominium Property Regime of 45-472 Koolau Hale Place and Condominium Map No. 1802 dated June 3, 2006, recorded in the Land Court as Document No. 3437516.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Condo Map No.	_____
<input checked="" type="checkbox"/>	Filed - Land Court	Condo Map No.	1802

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to the Declaration of Condominium Property Regime of 45-472 Koolau Hale Place and Condominium Map No. 1802 dated June 3, 2006, recorded in the Land Court as Document No. 3437516.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Document No.	_____
		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed - Land Court	Document No.	3434317

The Bylaws referred to above have been amended by the following instrument [state name of document, date and recording/filing information]:

D. **House Rules** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules.

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>N/A</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:



Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 45-472 Koolau Hale Place Tax Map Key (TMK) : (1)4-5-091-041  
Kaneohe, Hawaii 96744

Address  TMK is expected to change because Individual CPR numbers will be assigned to each unit.

Land Area: 13,209  square feet  acre(s) Zoning: R-5

Fee Owner:

Farrwill Enterprises, Inc.  
Name  
758 Kapahulu Avenue #A-171  
Address  
Honolulu, Hawaii 96816

Lessor: n/a  
Address

C. **Buildings and Other Improvements:**

- 1.  New Building(s)
- Conversion of Existing Building(s)
- Both New Building(s) and Conversion

2. Number of Buildings: Two Floors Per Building: One Floor

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: Sheds	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No



7. Parking Stalls:

Total Parking Stalls: 4\*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	<u>2</u>	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>		<u>0</u>		<u>0</u>		<u>4</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

\* No specific parking stalls have been assigned for the units at this time. However, each unit is allowed to park within the limited common element area appurtenant to that unit. There is sufficient area for the parking of at least two vehicles on the limited common element area appurtenant to each unit.

Commercial parking garage permitted in condominium project.

Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming Pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)

Other: Common Element driveway

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.                       Violations will not be cured.

Violations and cost to cure are listed below.                       Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

**D. Common Elements, Limited Common Elements, Common Interest:**

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

- 1) The land in fee simple.
- 2) The central and/or appurtenant installations for utilities, which may serve neighboring properties as well.
- 3) That certain approximate 1,151 square feet to serve as the common driveway
- 4) All other parts of the Project existing for the common use or necessary to the existence, maintenance, or safety of the Project.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows: \*

- 1) Unit A. The land around and under Unit A as delineated in the Condominium Map is a limited common element for Unit A and is for the exclusive use of Unit A and consists of approximately 5,000 square feet.
- 2) Unit B. The land around and under Unit B as delineated in the Condominium Map is a limited common element for Unit B and is for the exclusive use of Unit B and consists of approximately 7,258 square feet.

\* Note: Land areas referenced herein are not legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Each Unit has an undivided fifty percent (50%) interest in the common elements.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "B" describes the encumbrances against the title contained in the title report dated April 27, 2006 and issued by Security Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ x ] There are no blanket liens affecting title to the individual apartments.

[ ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults  
or Lien is Foreclosed **Prior to Conveyance**

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None, units are sheds and will be sold "as is"

2. Appliances:

None, units are sheds and will be sold "as is"

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

The Units were constructed and completed in 2005.

H. **Project Phases:**

The developer [ ] has [ X ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

#### IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer.  the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners  Other: \_\_\_\_\_

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "B" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None  Electricity ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Gas ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "D" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 17, 2006

Exhibit "E" contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sale contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 6032 filed with the Real Estate Commission on June 1, 2006.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock

WHITE paper stock

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C. **Additional Information Not Covered Above**

**Hazardous Materials**

The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

**Real Estate License Disclosure.**

Disclosure is hereby made that one of the shareholders, officers and directors of the developer, William O. Fariior , holds an active real estate broker's license in the State of Hawaii and is the Principal Broker and owner of Country Homes Realty, the real estate company handling the sale of the units.

**Disclosure Abstract**

Additional disclosures about the project are contained in the Disclosure Abstract attached as Exhibit "F".

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Farrwill Enterprises, Inc.  
Printed Name of Developer

By: William O. Farrior                      5/17/2006  
Duly Authorized Signatory\*                      Date

William O. Farrior, President  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

## **PERMITTED ALTERATIONS TO APARTMENTS**

Section 16.0 of the Declaration provides that it is contemplated that construction, restoration or replacement of individual dwelling units in the Project may be undertaken by the Developer for units that it owns, or by any unit owner, without the approval of the Association or other unit owner so long as such is in compliance with all permits, approvals, statutes and other regulations and is contained within the limited common area of such unit. The person making such construction shall be responsible to file an amendment to the Declaration and the Condominium Map and in all other respects ensure compliance with applicable rules and regulations. If requested, the Board of Directors of the Association will cooperate in the signing of any documents required by any government agency.

Notwithstanding the above, no construction may negatively affect the structural integrity of any retaining wall or contouring, the driveway, any common fence or wall, or prevent or impair access to utilities, drainage, access, by the other owner or by persons having easements over the unit in question.

No unit may have more than one residential structure, which shall not occupy more than one-half of the square footage of the limited common area of said unit. Non-structural improvements which do not require building permits are not included in the foregoing, such as driveways, landscaping, walkways, etc.

## ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes, City and County of Honolulu. For more information contact the Director of Finance.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A 30-foot setback line along Kahaluu Road, as shown on Map 50 filed with Land Court Application No. 743.
4. GRANT OF EASEMENT  
In Favor of: Hawaiian Electric Company, Inc. and Hawaiian Telephone Company (now Hawaiian Telcom Inc.)  
Dated: November 14, 1963  
Document No. 321393  
Purpose: Easement for utility purposes over, under, across and through land herein described
5. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in:

### DECLARATION OF COVENANTS

Dated: September 23, 1981  
Document No. 1086213

To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c)

6. Easement 158, for sanitary sewer purposes, as shown on Map 174, as set forth by Land Court Order No.163636, filed on October 24, 2005.
7. DECLARATION OF CONDOMINIUM PROPERTY REGIME OF 45-472 KOOLAU HALE PLACE  
  
Dated: May 17, 2006  
Document No. 3434316
8. Condominium Map No. 1802
9. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF 45-472 KOOLAU HALE PLACE

Dated: May 17, 2006  
Document No. 3434317

**Exhibit "B"**

## EXHIBIT C

### ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Unit A	0.00
Unit B	0.00

**Note:** No utilities are currently provided for the units, which are sheds. When installed by the individual unit owners, the utilities will be separately metered or otherwise charged. No maintenance fees are currently proposed for repair and/or replacement of the common element driveway.

The Developer has not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 5, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

***The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.***

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[ ]

common elements only

[ ]

common elements and apartments

Elevator

Gas

[ ]

common elements only

[ ]

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

\$ 0.00

I, Fairwill Enterprises, Inc., as Developer for the "45-472 Koolau Hale Place" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By: William O. Farnior, Its President

*William O. Farnior*

*5/17/06*

Signature

Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

## SUMMARY OF SALES CONTRACT

The specimen Sales Contract (Deposit, Receipt, Offer and Acceptance and Addendum) contains, among other things, the following provisions:

1. Risk of Loss and Insurance. Risk of loss passes to Buyer upon closing or possession, whichever occurs sooner.
2. Time is of the Essence/Default. Time is of the essence of the obligations of Buyer under this Agreement. In the event Buyer fails to perform Buyer's obligations under the Sales Contract, Seller may (a) bring an action for damages for breach of contract, or (b) retain the initial deposit and all additional deposits provided by Buyer as liquidated damages, and the Buyer shall be responsible for any costs incurred in accordance with the Sales Contract.
3. Existing "As Is" Condition. Buyer agrees the Unit is being purchased in its "AS IS" condition, without any warranties or representations, expressed or implied. Buyer acknowledges that Buyer will be given an opportunity to inspect the Unit and by closing on the sale of the Unit, Buyer accepts the Unit in its "AS IS" condition as provided for herein.
4. Mediation And Arbitration. If any dispute or claim in law or equity arises out of this Agreement, and Buyer and Seller are unable to resolve the dispute themselves, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by a neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator may award reasonable attorney's fees and costs to the prevailing party.

## SUMMARY OF ESCROW AGREEMENT

An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is SECURITY TITLE CORPORATION (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

### Sale Contracts

Developer shall deliver a fully-executed copy of each sales contract to Escrow. The contract shall include the appropriate statement as to the Public Report status as required.

### Funds

Developer shall deliver to Escrow any monies received from any Purchaser in connection with a sales contract. Escrow shall receive and hold all sums received from Developer, Purchaser, or any other source on account of the Project. Such monies shall be held in an appropriate interest-bearing federally insured institution.

Interest shall be paid as set forth in the sales contract, or as required by law if not specified.

### Disbursement

Funds shall be disbursed to Developer after:

1. Developer has received an effective date for a Final Report from the Real Estate Commission and delivered a true copy to Escrow;
2. If any sales contract reserved an option to cancel the contract, Developer has provided a written waiver of that option to Escrow;
3. If applicable, Developer has delivered to Escrow a statement from Developer's attorney that all conditions that must be met prior to the disbursement of Purchasers' funds have been met and a statement from Developer's architect that the project is in compliance with, or exempt from, the Federal Fair Housing Amendments Act of 1988;
4. Escrow has closed the Purchaser's Sales Contract in accordance with this Agreement; and
5. All fees to be paid by Developer or Seller have been paid; provided, however, that if any notice of mechanic's or materialman's lien have been filed, sufficient funds to cover the claims shall be withheld.

Funds shall be disbursed to:

1. Developer, Developer's general contractor, and to other persons for architectural, engineering, finance and legal fees and other incidental expenses of the Project to the extent approved by Developer;
2. The balance to the Developer.

Return of Funds to Purchaser

Funds shall be returned to Purchasers upon the following:

1. Developer and Purchaser so instruct Escrow;
2. Developer exercises a right to cancel or rescind contained in the sales contract; or
3. Purchaser requests a refund following rescission as set forth below.

In any event, Escrow shall be entitled to a cancellation fee of not less than \$25.

Purchaser's Default

If Purchaser fails to make any required payment or fails to satisfy any requirement being handled by Escrow, Escrow shall notify Developer. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with its terms and provides Escrow with copies of all notices of termination sent to Purchaser, Escrow shall thereafter treat all funds of such Purchaser paid on this account to be funds of the Developer. Such funds shall be free of this agreement and shall be held by Escrow for the account of Developer, less any cancellation fee. Escrow shall return all documents to Developer.

**EXHIBIT F****DISCLOSURE ABSTRACT**

45-472 KOOLAU HALE PLACE  
Condominium Project

Pursuant to Sections 514-61, Hawaii Revised Statutes  
Condominium Property Act

**Developer**

Farrwill Enterprises, Inc.  
758 Kapahulu Avenue, A-171  
Honolulu, Hawaii 96816  
732-5155

**Project Manager**

William O. Farrior, III  
Farrwill Enterprises, Inc.  
758 Kapahulu Avenue, A-171  
Honolulu, Hawaii 96816  
732-5155

**Estimated Maintenance Fees/Costs per Unit**

The construction of any residence or other building and the regular maintenance and repair of the existing tool sheds and any such construction, including all utility charges, are the sole responsibilities of each respective unit owner.

This condominium project consists of two parcels of land which will share a common driveway and water and sewer lines. Although this driveway and water and sewer lines do not require regular monthly maintenance, each may require periodic repairs or maintenance from time to time. The costs of such repairs and maintenance shall be by special assessment rather than through the collection of regular maintenance fees.

Individual insurance: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the common elements and improvements of the Project. Developer anticipates that there will be no such common elements or improvements susceptible to fire damage and that the Association of Apartment Owners will permit individual unit owners to obtain separate policies for each unit and name the Association as a co-insured pursuant to Section XIII(c) of the Declaration. As such, the premiums on the policies will be the individual responsibilities of each unit owner. Developer believes that such fire insurance will not be available for the tool sheds, and the cost of the insurance will depend on the value of the structures which may ultimately be constructed. Developer estimates that the cost of such fire insurance premiums for a typical residence in this area are approximately \$300 annually.

**Warranties**

Purchasers should be aware that the tool shed located on each parcel is sold strictly "as is." Each shed was constructed in 2005, has never been used or intended to be used as other than a tool shed, and has been subject to a substantial amount of "wear and tear." It is assumed that each such shed adds no value to the parcel and the purchaser should not assume that the shed is stable, water-tight, or otherwise in usable condition.

The land has been roughly graded and is not warranted to be in a suitable condition for construction, for containment of run-off or rain waters, or otherwise. Purchasers should have the parcels inspected for suitability for such construction as they may contemplate and understand what site work may be required prior to construction.

NO WARRANTIES FOR FITNESS OF USE, MERCHANTABILITY, OR ANY OTHER KIND ARE MADE AS TO ANY OF THE TOOL SHEDS OR THE COMMON ELEMENTS OF THE PROJECT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTIONS OF THE UNIT THEY DESIRE TO BUY. LAND IS SOLD IN AN "AS IS" CONDITION.

#### Use of Units

The Declaration provides that the units are to be used for residential purposes only. The units are currently sheds which may be altered pursuant to Section 16.0 of the Declaration.

#### Structural components and Mechanical and Electrical Installations

The only structures are the described tool sheds, which are sold strictly "as is" and a retaining wall. There are no mechanical or electrical installations. It is the Developer's opinion that the retaining wall is presently sound and in satisfactory condition. HOWEVER, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE RETAINING WALL MATERIAL TO THE USE AND ENJOYMENT OF THE UNITS.

#### Code Violations

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulations of the City and County of Honolulu.

I, William O. Farrior, as President of the Developer of the Project, hereby certify that the estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.

DATED: Honolulu, Hawaii, May 17, 2006.

FARRWILL ENTERPRISES, INC.

By: William O. Farrior  
William O. Farrior, President